



A New Tax System (Goods and Services Tax) (Simplified Method to Apportion Input Tax Credits for Caravan Park Operators Who Input Tax Supplies of Long-term Accommodation) Determination 2001/1

I, GEOFFREY MILLS, Assistant Commissioner, Goods and Services Tax, and delegate of the Commissioner of Taxation, make this Determination under subsection 11-30(5) of the *A New Tax System (Goods and Services Tax) Act 1999*.

Dated 23rd August 2001

Signed by Geoffrey Mills
Assistant Commissioner, Goods and Services Tax

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Part 1 Preliminary

1.1 Name of Determination

This Determination is the *A New Tax System (Goods and Services Tax) (Simplified Method to Apportion Input Tax Credits for Caravan Park Operators Who Input Tax Supplies of Long-term Accommodation) Determination 2001/1*.

1.2 Commencement

This Determination commences on 1 July 2001.

1.3 Definitions

In this Determination:

GST Act means the *A New Tax System (Goods and Services Tax) Act 1999*.

Industry factor means **1.75%**

Non-capital acquisitions means acquisitions of things that are not capital assets or improvements to capital assets

Short-term accommodation means caravan park accommodation that is not long-term accommodation.

Other expressions in this Determination have the same meaning as in the *GST Act*.

1.4 Information about the simplified method to apportion input tax credits for caravan park operators who have chosen to input tax supplies of long-term accommodation

Under subsection 11-30(5) of the GST Act, the Commissioner may determine in writing one or more ways in which to work out, for the purpose of subsection 11-30(3), the extent to which a creditable acquisition is for a creditable purpose.

Section 87-25 of the GST Act operates so that a supplier of long-term accommodation in commercial residential premises (for example, a caravan park) may choose not to treat its supplies of long-term accommodation as taxable. If this choice is made, paragraph 40-35(1)(b) of the GST Act treats supplies of long-term accommodation as input taxed.

Caravan park operators, who treat supplies of long-term accommodation as input taxed and who also make taxable supplies (such as short-term accommodation and shop sales), must apportion their inputs as they cannot claim input tax credits for acquisitions relating to the input taxed supplies. Where an acquisition (for example, a general overhead expense) is only partly creditable because it relates to making both taxable and input taxed supplies, the extent of creditable purpose must be calculated.

GST Ruling GSTR 2000/15 provides a number of suggested apportionment methods. However, the methods in that Ruling may not always give a fair result for caravan park operators.

As an alternative to the methods of apportionment in GSTR 2000/15, this simplified method to apportion input tax credits will assist those operators that input tax supplies of long-term accommodation.

Part 2 Simplified method to apportion input tax credits

Some terms in this determination are shown in *bold italics* when first used. They are explained in the Definitions section.

2.1 Eligibility

A caravan park operator is eligible to use this simplified method to apportion input tax credits if:

- it makes supplies of both long-term accommodation and *short-term accommodation* in the same premises; and
- it has chosen under section 87-25 of the *GST Act*, that Division 87 does not apply to any supplies of commercial accommodation that it makes.

2.2 Scope of the simplified method

(1) *What is covered by the simplified method*

The simplified method provided by this Determination applies to *non-capital acquisitions* that are partly creditable, that is, those acquisitions that relate to making supplies of long-term accommodation and other supplies including short-term accommodation.

(2) *What is not covered by the simplified method*

The simplified method provided by this Determination does not apply to capital acquisitions or acquisitions that are not partly creditable.

2.3 Method to apportion input tax credits

For a tax period, input tax credits on acquisitions to which this Determination applies are apportioned under this Determination by ;

- subtracting an amount equal to the income from long-term accommodation multiplied by the *industry factor* from
- the amount of GST payable on the supply of those acquisitions.

The resultant amount is the extent to which input tax credits can be claimed in respect of the acquisitions for a creditable purpose.